

Wayne Upton
Chairman
IFRS Interpretations Committee
30 Cannon Street
London
United Kingdom
EC4M 6XH

Email: ifric@ifrs.org

9 June 2014

Dear Mr Upton

**Tentative agenda decision - IAS 39 *Financial Instruments: Recognition and Measurement*:
Classification of a hybrid financial instrument by the holder**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the March IFRIC Update of the tentative decision not to take onto the Committee's agenda a request for guidance on the classification by the holder of the host contract of a hybrid financial instrument.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision (specifically, that the issue is not widespread and that the financial instrument described in the submission is specific), noting that this is consistent with the agenda decision reached by the Committee in January 2007 in the context of financial instruments puttable at the option of the holders at an amount other than fair value.

We recommend, however, that the comment on the effect of IFRS 9 *Financial Instruments* on such an instrument be removed from the agenda decision for the following reasons:

- it is inconsistent with the comments in the previous paragraph (in that it refers to hybrid financial instruments in general, thus implying that the guidance implies to the specific instrument in question), whilst in the preceding paragraph it is noted that it would not be appropriate to give guidance on a specific instrument; and
- IFRS 9 will not become mandatorily effective for a number of years, meaning that guidance on IAS 39 will continue to be needed for some time. Thus, if any comment is provided it should deal with both IFRS 9 and IAS 39.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely

A handwritten signature in black ink, appearing to read 'V Poole', with a stylized flourish at the end.

Veronica Poole
Global IFRS Leader